

Price War on Cigarets Breaks Out in Britain As 'Fair Trading' Ends

By a WALL STREET JOURNAL Staff Reporter

LONDON—A cigaret price war between major British supermarket chains erupted today after several cigaret producers dropped their retail price maintenance policies.

Most big chains cut prices by three cents a pack, or about 5%, but a few outlets slashed prices by up to six cents a pack. Price cutters reported brisk sales, and said that in many places lines formed outside stores before opening time.

Imperial Tobacco Co., Carreras Ltd. and Gallaher, Ltd., the three major domestic cigaret producers, on Monday abandoned resale price maintenance. American Tobacco Co. recently acquired about two-thirds of the ordinary shares of Gallaher.

The cigaret manufacturers said they abandoned efforts to control retail prices because they expected an impending decision by the Restrictive Practices Court to make the practice illegal.

However, G. H. Scott, general secretary of the 20,000-member National Union of Retail Tobacconists, mostly small shop operators, said the move marked "the blackest day the retail tobacco trade has ever seen." He said members were urged to maintain the price line "because they cannot hope to compete with the supermarkets."

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Imperial Tobacco Co. Of Canada Sees Profit In 1968 Down 'a Little'

By a WALL STREET JOURNAL Staff Reporter

MONTREAL—Net income of Imperial Tobacco Co. of Canada for 1968 will be down "a little" from last year but "I doubt the decline will be as much as five cents a common share," John M. Keith, president, said in an interview.

Profit in 1967 was \$12.7 million, or \$1.28 a share, on sales of \$393.3 million.

Mr. Keith said sales would likely be "a little above last year," mainly because of an increase in volume of tobacco products other than cigarets.

The executive based his earnings expectations for 1968 on the anticipation that second half results this year "shouldn't be too far off" the \$6.7 million, or 67 cents a share, on sales of \$204.2 million for the 1967 second half.

Net for the first half this year was \$5.9 million, or 59 cents a share, on sales of \$200.8 million, down from \$6.1 million, or 61 cents a share, on sales of \$189.1 million in the like 1967 period.

THE NEW YORK TIMES

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BRITISH PRICE WAR HITS CIGARETTES

LONDON, Sept. 24 (Reuters)—British smokers, who pay from 36 to 68 cents for a pack of cigarettes, went on a spending spree today when supermarkets and chain stores began a price war. The battle produced cuts of up to 6 cents on a pack of 20 cigarettes.

The price war started with a decision last night by manufacturers to abandon a policy of price controls.

The war was a boon to smokers but a problem for thousands of small storekeepers who could not afford to reduce their prices as much as their bigger competitors did.

The president of the 12,000-member National Union of Shopkeepers, Thomas Lynch, predicted that "hundreds of small shopkeepers will now attempt to sell their businesses and get out."

Signs advertising the price war were slapped across supermarket windows. "Cigarettes at cut price," said one sign.

The British Medical Association, however, issued a statement saying it hoped the price cuts would not encourage non-smokers to start smoking.